



North Dakota Public Employees Retirement System (NDPERS)

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This publication contains information for enrolling in the NDPERS Plans administered by NDPERS.

This publication is intended to provide general information and may not be considered to be a legal interpretation of law. Statements contained in this publication do not supersede the North Dakota Century Code or Administrative Code or restrict the authority granted to the Retirement Board.

The information in this publication is subject to changes made by the North Dakota legislature, by the Board of the North Dakota Public Employees Retirement System (NDPERS), and its agents.

457 DEFERRED COMPENSATION SUPPLEMENTAL RETIREMENT PLAN



The Deferred Compensation Plan is a voluntary supplemental retirement plan for eligible employees of participating governmental agencies. The plan is set up under Section 457 of the Internal Revenue Code. This program permits you to make pretax deductions from your salary with the intent to receive the deferred amount at a later date, such as retirement. Neither the amount deferred to your investment account nor the income or gains on those investments are taxable until you begin to withdraw money from the account.

Eligibility

Eligible employees of a participating employer who are at least 18 years of age, work at least 20 hours per week for 20 or more weeks per year, and whose positions are regularly funded and not of limited duration (i.e., permanent) are eligible to enroll.

Enrollment

In order to promote the ability for employees to supplement their retirement savings, we have designed our plan to make saving as convenient as possible by providing a Quick enrollment option. The Quick enrollment option does not require you to make a decision regarding the amount of the contribution, investment allocation, or selecting a provider company or agent. PEP is automatic upon your enrollment with your enrollment in the Deferred Compensation Plan. Your payroll deduction will be invested in the NDPERS Companion Plan. The Companion Plan is administered by TIAA-CREF Investments.

If you choose to defer more than the minimum contribution or would like your minimum contribution to go to a provider other than the Companion Plan, you will need to complete the Regular Deferred Compensation Plan Enrollment. You must select and contact an eligible investment provider. The provider representative will assist you in completing the required forms to open an account. Eligible employees may enroll in the plan at any time. Providers of investment services for the Deferred Compensation Plan are as follows:

American Trust Center
AXA Equitable Life Ins. Co.
Bank of North Dakota
Hartford Life Insurance Co.
Jackson National Life

Nationwide Life
NDPERS Companion Plan [TIAA-CREF]
VALIC
Waddell & Reed Financial Services

The Investment Options Summary booklet provides information on the Provider Companies and investment options they offer through the Deferred Compensation Plan. You can find this summary on the NDPERS website.

Contributions

- The annual minimum deferral is \$300 (\$25 a month).
- The annual maximum deferral is established by the IRS and is currently \$17,000.

The annual maximum you may defer is based upon the annual limits or 100 percent of your includible compensation, whichever is less. The maximum you may defer is affected by your contributions to another Section 457 deferred compensation plan, or employee contributions to your regular retirement plan which are paid by your employer under an IRC Section 414(h) salary reduction arrangement.

An election to begin a deferral, or to make any changes in your deferral amount, or changes in Provider Company or provider representative, must be made in the month prior to the pay period in which the salary is earned.

Distributions

Your deferred compensation account is only available upon separation from employment which includes retirement, disability, death, resignation, or discharge. You must be off covered employment for 31 days before funds may be accessed. The funds are taxed when distributed to you. If you die before beginning distribution or receiving the total amount in the deferred compensation account, the account will be paid to your designated beneficiary.

You may withdraw your account prior to separation from service under two circumstances. In the event you have an unforeseeable emergency, you may apply for a financial hardship withdrawal subject to the approval of the NDPERS Board. A financial hardship is defined as an unforeseeable emergency resulting from a sudden and unexpected illness or accident occurring to you or one of your dependents, loss of your property due to casualty, or other similar extraordinary and unforeseeable circumstances arising as a result of events beyond your control.

A lump sum de minimus distribution is permissible if:

- 1) the total value of your account(s) is less than \$5,000,
- 2) you have not contributed to the plan in the preceding two years, and
- 3) you have not previously received a distribution of this nature from the plan.